

Preliminary Results - For Discussion Purposes Only

**TRANSMISSION REVENUE REQUIREMENT
INCOME STATEMENT
(\$thousands)**

	A	B	C
	FY 2004	FY 2005	FY 2006
1 OPERATING EXPENSES			
2 OPERATION AND MAINTENANCE	293,846	299,549	302,138
3 INTER-BUSINESS LINE EXPENSES	77,303	77,303	77,303
4 FEDERAL PROJECTS DEPRECIATION	176,455	188,386	199,884
5 TOTAL OPERATING EXPENSES	547,604	565,238	579,325
6 INTEREST EXPENSE			
7 INTEREST ON FEDERAL INVESTMENT -			
8 ON APPROPRIATED FUNDS	63,484	61,367	61,367
9 ON LONG-TERM DEBT	160,968	171,731	185,283
10 INTEREST INCOME	(18,109)	(18,039)	(18,466)
11 AMORTIZATION OF CAPITALIZED BOND PREMIUMS	3,914	3,451	3,220
12 CAPITALIZATION ADJUSTMENT	(19,713)	(20,115)	(20,115)
13 AFUDC	(23,583)	(22,474)	(23,889)
14 NET INTEREST EXPENSE	166,961	175,921	187,400
15 TOTAL EXPENSES	714,565	741,159	766,725
16 MINIMUM REQUIRED NET REVENUES 1/	20,728	5,865	0
17 PLANNED NET REVENUES FOR RISK	0	0	0
18 TOTAL PLANNED NET REVENUES	20,728	5,865	0
19 TOTAL REVENUE REQUIREMENT	735,293	747,024	766,725

1/ SEE NOTE ON CASH FLOW TABLE.

Preliminary Results - For Discussion Purposes Only

**TRANSMISSION REVENUE REQUIREMENT
STATEMENT OF CASH FLOWS
(\$thousands)**

	A	B	C
	FY 2004	FY 2005	FY 2006
1 CASH FROM CURRENT OPERATIONS:			
2 MINIMUM REQUIRED NET REVENUES 1/	20,728	5,865	0
3 EXPENSES NOT REQUIRING CASH:			
4 FEDERAL PROJECTS DEPRECIATION	176,455	188,386	199,884
5 AMORTIZATION OF CAPITALIZED BOND PREMIUMS	3,914	3,451	3,220
6 CAPITALIZATION ADJUSTMENT	(19,713)	(20,115)	(20,115)
7 ACCRUAL REVENUES (AC INTERTIE/FIBER)	(4,084)	(4,084)	(4,084)
8 CASH PROVIDED BY CURRENT OPERATIONS	177,300	173,503	178,905
9 CASH USED FOR CAPITAL INVESTMENTS:			
10 INVESTMENT IN:			
11 UTILITY PLANT	(391,616)	(344,468)	(428,302)
12 CASH USED FOR CAPITAL INVESTMENTS	(391,616)	(344,468)	(428,302)
13 CASH FROM TREASURY BORROWING AND APPROPRIATIONS:			
14 INCREASE IN LONG-TERM DEBT	371,616	324,468	408,302
15 REPAYMENT OF LONG-TERM DEBT	(126,897)	(153,500)	(110,000)
16 REPAYMENT OF CAPITAL APPROPRIATIONS	(30,403)	(3)	(38,637)
17 CASH FROM TREASURY BORROWING AND APPROPRIATIONS	214,316	170,965	259,665
18 ANNUAL INCREASE (DECREASE) IN CASH	0	0	10,268
19 PLANNED NET REVENUES FOR RISK	0	0	0
20 TOTAL ANNUAL INCREASE (DECREASE) IN CASH	0	0	10,268

1/ Line 18 must be greater than or equal to zero, otherwise net revenues will be added so that there are no negative cash flows for the year.